GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:28
ANSWERED ON:03.02.2017
Violation of RBI Instructions
Boianapalli Shri Vinod Kumar;Nagar Shri Rodmal

Will the Minister of FINANCE be pleased to state:

(a) whether some banks/officials were involved in carrying out irregular transactions and violated the Reserve Bank of India (RBI) instructions, creating mismanagement in banks after demonetization and if so, the details thereof, bank-wise including private sector banks;

(b) whether the Government has inquired into such instances and if so, the details and the outcome thereof;

(c) the action taken or proposed to be taken against the guilty banks/officials; and

(d) the steps taken/being taken by the Government to avoid such type of instances in future and strengthen the banking system?

Answer

THE MINISTER OF FINANCE

(a) to (d) : A Statement is laid on the table of the House.

****

Statement as referred in reply to part (a) to (d) of Lok Sabha Starred Question No. *28 for answer on 03.02.2017regarding Violation of RBI Instructions tabled by Sh. Nagar Rodmal and Sh. B. Vinod Kumar, MPs.

(a) to (d): Certain bank officials have been found involved in irregularities relating to demonetization. On the basis of prima facie involvement in the irregularities , Public Sector Banks (PSBs) are so far reported to have placed 156 officials under suspension and to have transferred 41 officials. PSBs are also reported to have filed 26 cases with Police/CBI wherever criminal cases are involved. In respect of Private Sector Banks, Reserve Bank of India (RBI) has informed that 11 employees have been placed under suspension where bank employees have been found involved in 'irregular exchange of transaction' of Specified Bank Note (SBN) during the phase of demonetization. RBI has further informed that the banks have initiated internal investigation and complaints have been filed with police/CBI.
Whenever a complaint against a bank official(s) is received and any irregularities are found or observed on the part of Banks' official (s), the Banks initiate action as per their extant rules and commensurate punishment is awarded to the delinquent employees based on the seriousness of the wrongdoings as per Bank's disciplinary rules.

RBI had advised the banks vide circular dated November 29, 2016 to take action to prevent / detect / contain the malpractices or wrongdoing by staff in branches exchange / deposit of SBNs. In the said circular, banks were also advised to strengthen the internal / concurrent audit process in the bank including random visits / scrutinies so as to detect and avoid any malpractice in the exchange / deposit of SBNs in the branches.

Further vide RBI DBS circular Ref. No.DBS.CO.PPD / 4480/11.01.005/2016-17 dated December 8, 2016 banks were advised to track the complete trail of cash movements in large quantities so as to ensure that the extant instructions of RBI are followed both in letter and spirit. Further a list of 22 action points (illustrative)also was forwarded to banks with advice to utilise their internal audit resources to monitor the position and bring any anomalies noticed to their Audit Committee of the Board so as to ensure that necessary action is taken in all such cases, apart from reporting the summary of findings to RBI.
****